

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 INT-08 SCEM-02

SCI-06 CIEP-02 OMB-01 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 TRSE-00 DRC-01 /137 W

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O R 221245Z DEC 73

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC NIACT IMMEDIATE 5995

INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L KINSHASA 11101

E.O. 11652: GDS

TAGS: PFOR, EGEN, ECON, CG

SUBJECT: NATIONALIZATION OF PETROLEUM DISTRIBUTION

REF: A. STATE 248191

B. KINSHASA 10999,

C. KINSHASA 10992

1. EMBASSY CONFIRMS INTERPRETATION PARAGRAPH 2

REFTEL A. NATIONALIZATION APPLIES TO INSTALLATIONS
OF SEPZAIRE AND TO ALL INSTALLATIONS AND PROPERTIES
OF FOUR FOREIGN OWNED OIL DISTRIBUTING COMPANIES.
REFINERY WHICH IS 50 PERCENT GOZ AND 50 PERCENT ENI
NOT RPT NOT AFFECTED.

2. ZAIRE HAS ALREADY RUN INTO DIFFICULTY FINDING A
TANKER AND OIL COMPANY REPS BELIEVE THIS WAS REASON
FOR EXTENDING IMPORTATION DEADLINE FROM DEC 31 TO
FEB 28. GOZ HAS ALSO NOW OFFICIALLY GONE ON RECORD
THAT IT WILL COMPENSATE FOR "INTRINSIC VALUE" OF
NATIONALIZED PROPERTY.

3. SINCE U.S. COMPANIES AFFECTED, MOBIL AND TEXACO, ARE
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INVOLVED IN IMPORTATION, DISTRIBUTION AND SALE, MOST OF

THEIR ASSETS ARE IN EXISTING STOCKS AND ACCOUNTS RECEIVABLE. HOWEVER, BOTH OWN SOME STORAGE FACILITIES AS WELL AS CHAINS OF SERVICE STATIONS. MAGGIAR (MOBIL) WHO CURRENTLY IN NEW YORK FOR CONSULTATIONS, ESTIMATES VALUE OF MOBIL OPERATION IN ZAIRE AT ABOUT \$12 MILLION. (SINCE MOBIL HAS BEEN DOING BUSINESS IN ZAIRE FOR FIFTY YEARS, IT HAS LONG SINCE AMORTIZED FIXED ASSETS.) SEIBERT (TEXACO) ESTIMATES HIS COMPANY'S ASSETS AT \$7 TO 8 MILLION. SEIBERT RETURNING NY DECEMBER 25 FOR CONSULTATIONS.

4. EMBASSY RELIABLY INFORMED LENTZ OF PETROFINA HAD UNSATISFACTORY MEETING WITH COMMISSIONER OF STATE FOR MINES UMBA DECEMBER 22. LENTZ REPORTEDLY TOOK A HARD LINE AND WAS ULTIMATELY ASKED TO LEAVE UMBA'S OFFICE. U.S. OIL COMPANY REPS COMMENT THAT PETROFINA HAS CERTAIN AMOUNT OF LEVERAGE AS LARGEST DISTRIBUTOR. MOREOVER, STORAGE FACILITIES AT LOBITO USED BY SEPZAIRE COMPANIES ARE OWNED BY PETROFINA.

5. AM SEEKING RESCHEDULE ABORTED MEETING WITH BISENGIMANA. WILL MAKE POINTS PARA 4 STATE 249417. HAVE ALREADY WARNED NAMWISI ADVERSE AFFECT NATIONALIZATION WILL HAVE ON INVESTMENT CLIMATE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, PETROLEUM, MEETINGS, REFINERIES, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinjw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KINSHA11101
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973129/aaaaafzs.tel
Line Count: 85
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. STATE 248191
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 01 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Feb-2002 by martinjw>; APPROVED <20 FEB 2002 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONALIZATION OF PETROLEUM DISTRIBUTION
TAGS: PFOR, EGEN, ECON, CG, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005